



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Water Resources Division MS496
345 Middlefield Rd.
Menlo Park, CA 94025

December 30, 1998

Ecosystem Roundtable, CALFED
1416 9th Street
Suite 1155
Sacramento, CA 95814

This letter is a request for a Level II Amendment to Interagency Agreement 1425-98-20-16240 between the U.S. Bureau of Reclamation and U.S. Geological Survey. This agreement provides funding to the USGS for the CALFED Category III project "Assessment of the Sacramento-San Joaquin River Delta as Habitat for the Production of the Food Resources that Support Fish Recruitment", approved on 21 July 1998. As project manager, I am requesting supplemental funding of \$40,649 to reimburse the USGS for additional services of project administration that were not included in the proposal as submitted to CALFED in July 1997. Let me explain the basis of this request for supplemental funding:

This Category III project is a collaboration between USGS and three universities: University of California-Davis (UCD), Stanford University, and the Virginia Institute of Marine Sciences (VIMS) of the College of William and Mary. Our proposal to CALFED included a cover letter explaining the collaborative nature of this project and a specific request that, if selected for funding, separate grants be issued to each of the four institutions. We made this request to avoid the imposition of double overhead – i.e., assessments by USGS on the full project budget and then additional assessments made by each university. Our intent was for each institution to submit a separate budget request such that only one institutional assessment would be charged to each contractor. After our project was selected for funding, it has become apparent that certain constraints exist in the mechanisms for funding joint federal-nonfederal projects. These constraints apparently precluded separate contracts between USBR and the university partners of our project. As a result, USBR has funded our project by issuing one grant, including budget requests of all the partners, to the USGS. Included in our interagency agreement is a stipulation that USGS act as project manager. One unanticipated task of project management is the disbursement of funds from USGS to the university partners as subcontractors. In Fiscal Year 1998 the USGS Contracts/Purchasing Office issued these subcontracts as separate Cooperative Agreements between USGS and UCD, Stanford, and VIMS.

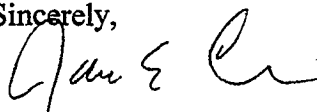
This departure from our original funding plan has led to an increased USGS assessment of \$40,649 over the three-year duration of the project. This sum includes a 3.6% assessment on the gross funds transferred to each university plus a regional assessment of \$2200 on each cooperative agreement issued in FY1998. Please note that this assessment schedule is

considerably reduced from the standard USGS overhead (34.4% of gross funds). This special assessment was approved by the USGS Chief Hydrologist on 14 May 1998 as a step to facilitate USGS contributions to the CALFED Bay-Delta Ecosystem Restoration Program.

The net outcome of the current funding arrangement is that the operational budget for our CALFED project is \$41K smaller than planned. Our project involves multiple elements including (a) development of numerical models, (b) analyses of the long-term IEP datasets, and (c) implementation of a new measurement program to identify the sources and pathways through which organic matter supports animal production across the diversity of habitat types within the Delta. Without supplemental funding to pay for the additional assessments, some of these components will be reduced in scope from the project described in our original proposal. Therefore, I request an amendment to our interagency agreement so that all project elements can be completed as planned. If CALFED decides that this amendment cannot be made, then we require specific guidance about the project elements which should be reduced in scope.

We understand that requests for Level II amendments include consideration by the Ecosystem Roundtable, and the next meeting of this group will be held on January 13, 1999. Would you please add this request to the agenda of that meeting. Thank you for your consideration.

Sincerely,



James E. Cloern, Research Oceanographer